

A. G. Contract No. KR97 1127TRN  
ADOT ECS File: JPA 97-88  
Project: G1050 68C  
Sect: SR-89 Turn Lanes/Widening ESP

INTERGOVERNMENTAL AGREEMENT  
BETWEEN  
THE STATE OF ARIZONA  
AND  
THE NAVAJO NATION

THIS AGREEMENT is entered into 11 September 1997,  
pursuant to Arizona Revised Statutes Section 11-952 through 11-954 as amended,  
between the STATE OF ARIZONA, acting by and through its DEPARTMENT OF  
TRANSPORTATION (the "State") and the NAVAJO NATION, acting by and through its  
TRIBAL COUNCIL (the "Tribe").

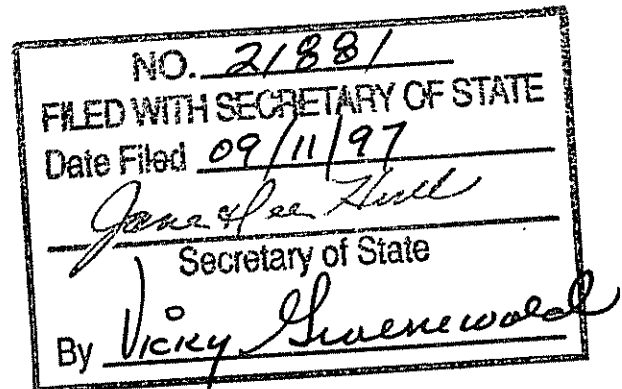
I. RECITALS

1. The State is empowered by Arizona Revised Statutes Section 28-108 to enter into this agreement and has by resolution, a copy of which is attached hereto and made a part hereof, resolved to enter into this agreement and has delegated to the undersigned the authority to execute this agreement on behalf of the State.

2. The Tribe is empowered by Tribal Council Resolution to enter into this agreement and has resolved to enter into this agreement and has authorized the undersigned to execute this agreement on behalf of the Tribe.

3. The Tribe has requested Economic Strength Project (ESP) funds in the amount of \$188,232.00; the Arizona Department of Commerce and the Economic Development Commission have recommended the approval of such funds for the Tribe, and the Transportation Board has approved the funding, for the construction of improvements to SR-89 to provide improved access, and aid in the retention and development of local business, hereinafter referred to as the Project.

THEREFORE, in consideration of the mutual agreements expressed herein, it is agreed as follows:  
=====



## II. SCOPE

### 1. The Tribe will:

a. Insure the additional commitment of 10% of the total estimated Project cost, or \$18,823.00, whichever is more, from the Tribe or other sources (not including ESP funds) to the Project. Accomplish construction of the Project by public bidding, in strict compliance with procurement laws, rules and regulations. Upon completion, approve and accept the Project on behalf of the Tribe and provide maintenance to the improvements outside the State right-of-way.

b. No more often than monthly, invoice the State for ESP funds (Arizona Department of Commerce, ATTN: Strategic Finance Division, ESP Program Director, 3800 N. Central Avenue, Suite 1500, Phoenix, AZ 85012), in an amount not to exceed \$169,409.00.

c. Provide the State a copy of the executed Project contract(s), and draw down and expend the State ESP funds no later than six (6) months after the effective date of this agreement. Provide the State detailed written reports of all ESP fund expenditures, supported by invoices, receipts or other suitable and appropriate documentation, and a final accounting report no later than thirty (30) days after ESP funds are fully expended.

d. Reimburse the State any funds received from the State under this agreement which are not specifically and directly expended in compliance with the ESP grant application, which is attached hereto and made a part hereof, and are subsequently disallowed by the State.

e. Provide the State (Arizona Department of Commerce, ATTN: Strategic Finance Division, ESP Program Director, 3800 N. Central Avenue, Suite 1500, Phoenix, AZ 85012) with quarterly Project status reports, and one year after completion of the Project, a written Economic Impact Report detailing the direct and indirect impact of the Project, to include jobs created, jobs retained and related data.

### 2. The State will:

Within thirty (30) days after receipt and approval of the ESP contract(s) and subsequent monthly progress payment invoices, reimburse the Tribe for work completed on the Project funds in an amount not to exceed \$169,409.00

## III. MISCELLANEOUS PROVISIONS

1. The only interest of the Department of Transportation in the Project is to convey economic strength pass through funds for the use and benefit of the Tribe by reason of state law under which funds for the Project are authorized to be expended.

2. The Tribe agrees to indemnify and save harmless the State, or any of its departments, agencies, officers or employees, from and against all loss, expense, damage or claim of any nature whatsoever which is caused by any activity, condition or event arising out of the performance or non-performance by the State of any of the provisions of this agreement.

3. The total amount of ESP funds expended under this agreement shall not exceed 90% of the total Project cost. Should the Project not be completed, be partially completed, or be completed at a lower cost than the advanced amount, or for any other reason should any of these ESP funds not be expended, a proportionate amount of the funds provided under this agreement shall be reimbursed to the State.

4. This agreement shall remain in force and effect until completion of said Project, reimbursement and subsequent reports; provided, however, that this agreement, except any provisions herein for maintenance, which shall be perpetual, may be cancelled at any time prior to the award of a construction contract, upon thirty (30) days written notice to the other party. Further, this agreement may be terminated and the ESP grant cancelled by the State if the Tribe, in the opinion of and by action of the Transportation Board, fails to pursue due diligence on the Project or in the performance of any of the terms of this agreement.

5. This agreement shall become effective upon filing with the Secretary of State.

6. This agreement may be cancelled in accordance with Arizona Revised Statutes Section 38-511.

7. Consistent with the provisions of Arizona Revised Statutes Section 35-214 the Navajo Nation agrees to make books and records relating to the contract available for inspection and audit by the State for five years after completion of the contract, upon reasonable written notice.

8. In the event of any controversy which may arise out of this agreement, the parties hereto agree to select a process acceptable to the State and the Tribe to resolve such disputes. Such process shall include a provision for arbitration.

9. All notices or demands upon any party relating to this agreement shall be in writing and shall be delivered in person or sent by mail addressed as follows:

Arizona Department of Transportation  
Joint Project Administration  
205 South 17 Avenue, Mail Drop 616E  
Phoenix, AZ 85007

The Navajo Nation  
Tuba City Regional Business Development  
PO Box 485  
Tuba City, Arizona 86045

The Navajo Nation  
Attorney General  
Box 2010  
Window Rock, AZ 86515

9. Attached herto is the written determination of each party's legal counsel that the parties are authorized under the laws of this state to enter into this agreement and that the agreement is in proper form.

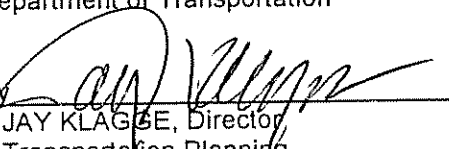
10. Nothing herein shall be construed as a waiver of the sovereign immunity of the Navajo Nation.

IN WITNESS WHEREOF, the parties have executed this agreement the day and year first above written.

THE NAVAJO NATION

By   
ALBERT HALE, President

STATE OF ARIZONA  
Department of Transportation

By   
JAY KLAGGE, Director  
Transportation Planning


ATTEST

By   
THOMAS ATCHITY  
Vice President

RESOLUTION

BE IT RESOLVED on this 30th day of May 1997, that I, the undersigned LARRY S. BONINE, as Director of the Arizona Department of Transportation, have determined that it is in the best interests of the State of Arizona that the Department of Transportation, acting by and through the Intermodal Transportation Division, to enter into an agreement with the Navajo Nation for the purpose of defining responsibilities for conveying Economic Strength Development funds to the County.

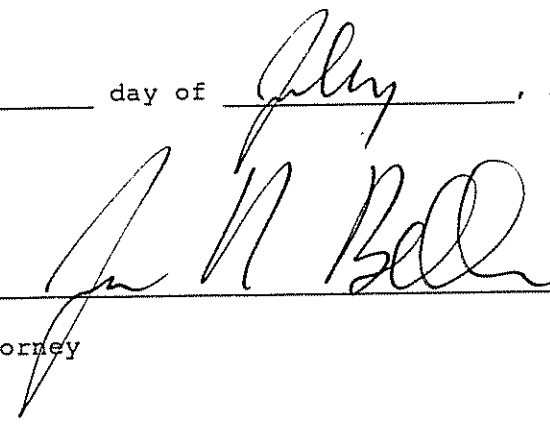
Therefore, authorization is hereby granted to draft said agreement which, upon completion, shall be submitted to the Director of Transportation Planning for approval and execution.

  
for LARRY S. BONINE  
Director

APPROVAL OF  
THE NAVAJO NATION TRIBAL ATTORNEY

I have reviewed the above referenced proposed intergovernmental agreement, between the DEPARTMENT OF TRANSPORTATION, HIGHWAYS DIVISION, the NAVAJO NATION and declare this agreement to be in proper form and within the powers and authority granted to the Nation under the laws of the Nation.

DATED this 31 day of July, 1997.

  
\_\_\_\_\_  
Attorney

IGRAD-187-97

RESOLUTION OF THE  
INTERGOVERNMENTAL RELATIONS COMMITTEE  
OF THE NAVAJO NATION COUNCIL

Approving the Intergovernmental Agreement A.G. Contract  
No. KR97 1127TRN Between the State of Arizona and the  
Navajo Nation, and Accepting the Grant in the Amount  
of \$169,409.00 to Construct an Entrance and an Exit  
at a Business Site in Bittersprings, Arizona  
and to Waive the "Indirect Cost"

## WHEREAS:

1. Pursuant to 2 N.N.C. §5821 and 822 (B), the Intergovernmental Relations Committee is established as a standing committee of the Navajo Nation Council to ensure the presence and voice of the Navajo Nation; and
2. Pursuant to 2 N.N.C. §824 (B) (6), the Intergovernmental Relations Committee of the Navajo Nation Council has the authority to review, approve and accept agreements, including contracts and grants, between the Navajo Nation and any federal authority upon the recommendation of the standing committee which has oversight of the division, department or program which has applied for the agreement; and
3. Pursuant to 2 N.N.C. §824 (B) (9) (a), the Intergovernmental Relations Committee of the Navajo Nation Council has the authority to waive indirect cost when a program demonstrates that a statutory or regulating requirement limits the indirect cost; and
4. The Tuba City Regional Business Development Office, Division of Economic Development submitted a grant application to Arizona Department of Commerce for an Economic Strength Project fund in the amount of \$169,409.00 to construct an entrance and an exit at Westsun Petroleum Products, Incorporated business site lease at Bittersprings, Arizona (Exhibit "A"); and
5. On April 26, 1997, Arizona Department of Commerce notified Tuba City Regional Business Development Office that "indirect cost" is an ineligible cost and cannot be included in the proposal (Exhibit "B"); and
6. On May 19, 1997, Arizona Department of Commerce, by an Intergovernmental Agreement, notified Tuba City Regional Business Development Office of the approved grant funds in the amount of \$169,409.00 (Exhibit "C"); and

IGRAD-187-97

7. The Economic Strength Project Funds required a 10% matching fund from the applicant or a private source. Westsun Petroleum Products, Incorporated committed the 10% matching funds in the amount of \$18,823.00. The Memorandum of Agreement between the Navajo Nation and Westsun Petroleum Products, Inc. details the responsibility of Westsun Petroleum Products, Inc. The proposed Memorandum of Agreement is attached hereto and incorporated herein as Exhibit "D"; and

8. The Economic Development Committee of the Navajo Nation Council, by Resolution attached hereto as Exhibit "E", has recommended approval of the Intergovernmental Agreement, A.G. Contract No. KR97 1127TRN, the Memorandum of Agreement, and to waive the indirect cost.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Intergovernmental Relations Committee of the Navajo Nation Council hereby approves the Intergovernmental Agreement A.G. Contract No. KR97 1127TRN, between Arizona Department of Commerce, Arizona Department of Transportation and the Navajo Nation, and accepts the grant in the amount of \$169,409.00 to construct an entrance, an exit and to widen the highway for a business site in Bittersprings, Arizona.

2. The Intergovernmental Relations Committee of the Navajo Nation Council further approves waiver of "indirect cost".

3. The Intergovernmental Relations Committee of the Navajo Nation Council hereby approves the Memorandum of Agreement between Westsun Petroleum Products, Inc. and further authorizes the President of the Navajo Nation to execute the agreement, attached hereto and incorporated herein as Exhibit "D".

4. The Intergovernmental Relations Committee of the Navajo Nation Council authorizes the President of the Navajo Nation to sign the Intergovernmental Agreement, A.G. Contract No. KR97 1127TRN, between Arizona Department of Commerce, Arizona Department of Transportation and the Navajo Nation, attached hereto as Exhibit "C", and the Memorandum of Agreement between Westsun Petroleum Products, Inc. and the Navajo Nation, attached hereto as Exhibit "D", and accepts the grant provided no substantial changes are made to the terms and conditions as authorized under the agreement.

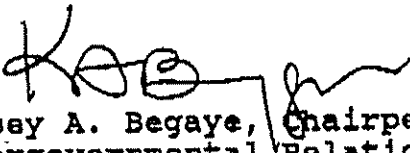
**CERTIFICATION**

I hereby certify that the foregoing resolution was duly considered by the Intergovernmental Relations Committee of the Navajo Nation Council at a duly called meeting at Window Rock,



IGRAU-187-97

Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 6 in favor, 0 opposed and 1 abstained, this 8th day of August, 1997.



Kelsay A. Begaye, Chairperson  
Intergovernmental Relations Committee

Motion: Harry Williams, Sr.  
Second: James Bilagody

EDCAU-60-97

RESOLUTION OF THE  
ECONOMIC DEVELOPMENT COMMITTEE  
OF THE NAVAJO NATION COUNCIL

Approving and Recommending To the Intergovernmental Relations Committee of the Navajo Nation Council To Approve the Intergovernmental Agreement, A.G. Contract No. KR97 1127TRN, Between the State Of Arizona and the Navajo Nation For Grant Funds In the Amount Of \$169,409.00 To Improve the Road At the Business Site In Bittersprings, Arizona and to Waive the Indirect Cost

WHEREAS:

1. Pursuant to 2 N.N.C. §§721 and 722, the Economic Development Committee of the Navajo Nation Council is established and continued as a standing committee of the Navajo Nation Council with the authority to foster policies pertaining to the development of the economy of the Navajo Nation; and
2. Tuba City Regional Business Development Office, Division of Economic Development, submitted a grant application to Arizona Department of Commerce for an Economic Strength Project fund in the amount of \$169,409.00 to construct an entrance and exit at Westsun Petroleum Products, Incorporated business site at Bittersprings, Arizona, Exhibit "A"; and
3. On April 26, 1997, Arizona Department of Commerce notified Tuba City Regional Business Development Office that "indirect cost" is an ineligible cost and cannot be included in the proposal, Exhibit "B"; and
4. On May 19, 1997, Arizona Department of Commerce (ADC) by an Intergovernmental Agreement notified Tuba City Regional Business Development Office of the approved grant funds in the amount of \$169,409.00, attached hereto as Exhibit "C"; and
5. The Economic Strength Project Funds require a 10% matching fund from the applicant, or a private source; Westsun Petroleum Products, Incorporated committed the 10% matching funds in the amount of \$18,823.00. A Memorandum of Agreement detailing the responsibility of Westsun Petroleum Products, Inc. is attached hereto and incorporated herein as Exhibit "D"; and
6. The Economic Development Committee of the Navajo Nation Council has reviewed the Intergovernmental Agreement and the Economic Strength Project Application, attached hereto as Exhibits "A" and "C", and recommends approval to the Intergovernmental Relations Committee of the Navajo Nation Council.

EDCAU-60-97

**NOW THEREFORE BE IT RESOLVED THAT:**

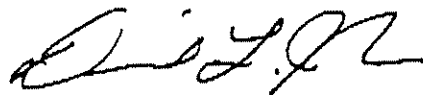
1. The Economic Development Committee of the Navajo Nation Council hereby approves and recommends that the Intergovernmental Relations Committee of the Navajo Nation Council approve the Intergovernmental Agreement between the State of Arizona and the Navajo Nation, A.G. Contract No. KR97 1127TRN, for grant funds in the amount of \$169,409.00 to improve the road at a business site in Bittersprings, Arizona and to waive the indirect cost.

2. The Economic Development Committee of the Navajo Nation Council recommends to the Intergovernmental Relations Committee to approve the Memorandum of Agreement between Westsun Petroleum Products, Inc. and the Navajo Nation, and further authorizes the President of the Navajo Nation to execute the Agreement, attached hereto and incorporated herein as Exhibit "D".

3. The Economic Development Committee of the Navajo Nation Council further recommends to the Intergovernmental Relations Committee of the Navajo Nation Council that the President be authorized to sign the Intergovernmental Agreement between the State of Arizona and the Navajo Nation, A.G. Contract No. KR97 1127TRN, attached hereto as Exhibit "C", and the Agreement between Westsun Petroleum Products, Inc. and the Navajo Nation, attached hereto as Exhibit "D" on behalf of the Navajo Nation, provided that there are no substantial changes made to the terms and conditions authorized under the Agreements.

**CERTIFICATION**

I hereby certify that the foregoing resolution was duly considered by the Economic Development Committee of the Navajo Nation Council at a duly called meeting at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 4 in favor, 0 opposed and 0 abstained, this 6th day of August 1997.



David L. John, Chairperson  
Economic Development Committee

Motion: Tom LaPahe  
Second: Herbert J. Pioche

ECONOMIC STRENGTH PROJECTS  
REQUEST FOR PROPOSAL  
FY 1997 - ROUND 2  
March 14, 1997

APPLICATION FORM

**NOTE:** Additional information may be provided in attachments. Be sure to clearly reference and mark such additions and attachments.

1. NAME, ADDRESS, AND COUNTY OF APPLICANT(S):  
Tuba City Regional Business Development Office  
P.O. Box 485  
Tuba City, Arizona 86045  
\_\_\_\_\_  
\_\_\_\_\_
2. TYPE OF ORGANIZATION OF APPLICANT: (Check one)  
a) ☒ Local Government only  
b) ☐ Private Non Profit / Local Government Joint Application:  
Name of Non Profit Agency Involved  
Navajo Nation Division of Economic Development, Tuba City  
Regional Business Development Office, Tuba City, Az.  
Name of Local Government Involved  
Gap/Bodaway Chapter
3. Describe the function or purpose of applicant organization.  
Provide Technical Assistance with business plan writing, obtaining a  
business site lease on the Navajo Nation, packaging application for  
Navajo business people for on-going and new start-up business. Withdraw  
lands on the Navajo Nation for commercial and business development. Assist  
Navajo and Indian owned business such as contractors apply for Navajo Preference.
4. Name, address, and phone number of contact person:  
Dolly Lane  
P.O. Box 485  
Tuba City, Arizona 86045  
(520)-283-3012/3011
5. Describe the private sector project or activity for which the related ESP funding is requested.  
A four (4) acres business site lease was withdrawn by Wendel Mortensen to  
construct a convenient store with gas station, post office, feed store and  
a boat storage yard. A road improvement is required by Arizona Department  
of Transportation for an access road into and out of the business tract.  
The proposed business tract is located approximately 135 feet off of US-89 & 89A.
6. Describe the Economic Strength Project for which funding is requested. Describe how the ESP project supports/relates to the private sector project described in #5 above.  
A proper and safe entrance and exist (ingress & egress) is required by  
Arizona Department of Transportation to the proposed business site. The  
construction of a proper entrance and exist into the business site will  
be safe to travelers going through the area and for customers of the  
business activity.

7. Describe how the private sector project fits into the community's overall economic development efforts.  
The Navajo Nation's effort is to decrease the high unemployment rate of over 27% by increasing economic activities at the local government level. The business site lease at Bittersprings was withdrawn to create some employment for the community of Bittersprings and Gap/Bodaway on the Navajo Nation.
8. Describe how the supporting ESP project fits into the Community's overall economic development efforts.  
It is projected that over 15 jobs will be created through the new proposed commercial development on the proposed business site lease. The ESP project fits into the community's overall economic development efforts by bringing in goods/services and creating jobs for the local community and Gap/Bodaway area on the Navajo reservation. The construction of the access road will help the development of the business/commercial.
9. How will ongoing maintenance and repair be provided for the ESP project after construction/improvement?  
Arizona Department of Transportation will maintain the access road that is within their Right-of-Way. After the Right-of-Way, the business owner will be responsible to maintain the road.
10. Description of ESP project. (Check one) :
- a) ☒ This is an existing roadway.
  - b) ☐ This is a new roadway.
  - c) ☐ This is a bridge.
  - d) ☐ This is an underpass.
  - e) ☐ Other \_\_\_\_\_
11. Where is the private sector project located that is supported by this ESP project?  
The private sector project is located southwest of U.S. Route 89 & 89A junction in Bittersprings, Arizona. The site is approximately 200 feet from U.S. Highway 89 on the west side of the highway.
12. Where is the ESP project located? (Note: Attach site map(s) to the application.)
- a. In the community: Bittersprings, Arizona
  - b. In relation to the related private sector project:  
Approximately 200 feet east of the private section project
13. What is the length (in feet/miles) of the ESP project? The length of the project is approximately 900 feet.
14. What is the width (in feet) of the ESP project? Approximately 70 feet

In the jobs section below (Q15 - Q17), applicants must provide employment- and wage-related information for the private sector employers (existing or new ) which the ESP fund is supporting. If these projects do not generate certain categories of jobs (job creation, job retention or seasonal jobs), those sections should be left blank.

#### 15. JOB CREATION

##### a. Construction Phase

Does your project create any public or private construction jobs?

Yes     X    

No           

If yes, complete the following; otherwise go to Q15.b.

- |  |                  |                         |
|--|------------------|-------------------------|
| (1) Number of construction jobs directly created by private sector | <u>    5    </u> | <u>    6    </u>        |
| Number of days or months the construction jobs would last          |                  | <u>    6 months    </u> |
| Average hourly wages   |                  | \$ <u>12.00 p/h</u>     |
|  |                  | <u>    0    </u>        |
| (2) Number of construction jobs directly created by public sector  |                  | <u>          </u>       |
| Average number of days or months the construction jobs would last  |                  | <u>    0    </u>        |
| Average hourly wages   |                  | \$ <u>    N/A    </u>   |

Note: List and provide the above information for each employer included in or supported by your ESP application.

##### b. Operation Phase

- |   |                    |
|---|--------------------|
| (1) Number of full-time permanent direct jobs created | <u>    10    </u>  |
| Average hourly wages                                  | \$ <u>5.25 p/h</u> |
|   | <u>    2    </u>   |
| (2) Number of part-time permanent direct jobs created | <u>    20    </u>  |
| Average number of hours per week                      | <u>    20    </u>  |
| Average hourly wages                                  | \$ <u>5.15 p/h</u> |

Note: List and provide the above information for each employer included in or supported by your ESP application.

#### 16. JOB RETENTION

- |   |                       |
|---|-----------------------|
| a. Number of permanent full-time direct jobs retained | <u>    0    </u>      |
| Average hourly wages                                  | \$ <u>    N/A    </u> |
|   | <u>    0    </u>      |
| b. Number of permanent part-time direct jobs retained | <u>    0    </u>      |
| Average number of hours per week                      | <u>    0    </u>      |
| Average hourly wages                                  | \$ <u>    N/A    </u> |

- c. How would the lack of the ESP project cause, or contribute to, the loss of these directly effected jobs?

The will be no jobs available for the community of Bittersprings. People will still have to travel long distance (over 30 miles) to look for employment and to work.

Note: List and provide the above information for each employer included in or supported by your ESP application.

## 17. SEASONAL JOBS

If seasonal jobs are a significant part of the operation of private businesses for which you have applied for ESP, complete the following. Otherwise, go to question 18.

- |                                     |                |
|-------------------------------------|----------------|
| a. Number of seasonal jobs created  | <u>8</u>       |
| Average number of days per year     | <u>110</u>     |
| Average hourly wages                | \$ <u>5.15</u> |
| b. Number of seasonal jobs retained | <u>2</u>       |
| Average number of days per year     | <u>130</u>     |
| Average hourly wages                | \$ <u>5.25</u> |
| c. Further Clarifications           |                |

- (1). Are the seasonal jobs created or retained for one year, or would they be occurring on an on-going basis year after year? On going year after year.

Note: List and provide the above information for each employer included in or supported by your ESP application.

## 18. Capital Investment.

- a) What kind of new, additional capital investment will be made by the private sector business or industry assisted by this ESP project? (Building, equipment, etc. at this site).

Additional capital investment for building, equipments and utility infrastructure improvement will be made by Wendell Mortensen dba: Westsun Petroleum Products, Inc. in the amount of approximately \$599,000.00

- b) What is the purpose and dollar value of the new, additional capital investment that will be made by the private sector business or industry assisted by this ESP project?

\$ <u>400,000.00</u>	for <u>Convenience Store, Canopy and site work (infrastructure)</u>
\$ <u>147,000.00</u>	for <u>Equipments and Installation</u>
\$ <u>52,000.00</u>	for <u>Inventory and other mis. cost.</u>
\$ <u>599,000.00</u>	Total

## 19. Cost/Benefit Calculation

What is the likelihood that benefit resulting from the project will exceed the costs of the project? Show detail of cost/benefit analysis used to determine the net benefits of this project. Note:

Included in this analysis should be the projected annual taxes (real and property) to be generated by the planned retail stores and other businesses being assisted and the taxes (state and local) to be paid by the workers who will be employed by these businesses.

We can not use market price in evaluating this project because this project will have benefits such as lives saved, job creation for the local people and goods and services will be brought closer to the community. For the calculation, Social Cost-Benefit Analysis was used. See Appendix "A" for explanation and Calculation.

## 20

What community(ies) will benefit from this project? How will each listed community benefit? Gap/Bodaway, Cedar Ridge, Coppermine, Bittersprings, Navajo Springs and LeChee. The business will bring goods and services closer to these communities. The business will provide gasoline, groceries, post office and livestock feed, ranch & vet. supplies. Jobs will be made available for the community.

21. List the names of local economic development organizations, and a contact person for each, which are involved with this private sector project. Attach documentation (letters of support, etc.) showing the involvement and level of support of each organization.

Tuba City Regional Business Development  
Division of Economic Development  
Dolly Lane, EDS

22. What is the total cost of the entire project? \$ 787,232.50

23. What is the total cost of the ESP portion of the project? \$ 188,232.50

24. Complete and attach the Budget Detail Schedule (Attachment A).

25. Complete and attach the Sources and Uses Schedule (Attachment B).

26. Of the total ESP project cost listed in #23 above, how much financial assistance are you requesting from the Economic Strength Projects Fund? \$ 169,409.00

27. List the sources and amounts of matching funds (both private and public) that will be a part of the total direct ESP project cost.

a) Public Funds:

(1) Name of public entity contributing the match.	Amount
<u>None</u>	\$ <u>N/A</u>
<u></u>	\$ <u></u>
Total	\$ <u>N/A</u>

(2) Cash match contributed to the project. - Source (general fund, grants, HURF, etc.)	Amount
<u>None</u>	\$ <u>N/A</u>
<u></u>	\$ <u></u>
Total	\$ <u>N/A</u>

(3) In-kind match contributed to the project. - Type of match (force account labor, construction management, materials, etc.)	Amount
<u>None</u>	\$ <u>N/A</u>
<u></u>	\$ <u></u>
Total	\$ <u></u>

b) Private Sector funds:

Name of private sector company(ies) contributing matching funds to the ESP project, (if any)	Amount
<u>Westsun Petroleum Products, Inc.</u>	\$ <u>18,823.00</u>
<u></u>	\$ <u></u>
Total	\$ <u>18,823.00</u>



28. Local utility or other infrastructure expenditures:

- a) What indirect local public utility or other infrastructure expenditures will need to be made in connection with (1) the private sector project, and (2) the ESP project? For example, expansion of water or waste water treatment facilities due to demands of the new business which the ESP project is assisting; extension of utility lines, major drainage improvements, etc.).

IMPROVEMENT	COST
Waterline Connection	\$ 10,000.00
Wastewater line extention	\$ 22,000.00
	\$
	\$
Total	\$ 32,000.00

29. How will the infrastructure expenditures listed in #28 above be funded?  
The infrastructure expenditure listed above will be funded by the private sector, Westsun Petroleum Products, Inc.

30. How soon after receiving approval of your ESP proposal could you begin construction on:

(a) The private sector project?(e.g., days, months) Six(6) months.

(b) The ESP project?(e.g., days, months) Three (3) months.

31. How long will the private sector project take to complete from start to finish? (e.g., days, months) Approximately eight (8) months.

How long will the ESP project take to complete from start to finish? (e.g., days, months)  
Approximately three (3) months.

33. List below the major milestone activities to be completed in the project and the time schedules for each. Note: Include the construction dates and purchase dates of the capital investments of the private sector.

ACTIVITY	START DATE	END DATE
Road Improvement/Const.	8/1/97	10/30/97
Wastewater/Water Line	2/1/98	10/30/98
Convienience Store/Gas	6/01/98	12/30/98

33. Is there any opposition to either the private sector project or the ESP project? If so, from whom and what is the nature of the opposition?

None

34. Is project located in ☒ disadvantaged area of state?  
☒ rural area of state?  
☐ Enterprise Zone area of state?

35. Has this applying entity ever received any previous ESP grant funds.

NO XX YES \_\_\_\_\_ DATE RECEIVED: \_\_\_\_\_

AMOUNT RECEIVED: \$ \_\_\_\_\_

(List if more than one.)

**IMPORTANT!! UP DATE PERMANENT JOBS, DIRECTLY  
CREATED AND/OR RETAINED, FOR EACH GRANT LISTED.**

36. Certification:

I certify that this project is compatible with other transportation facilities and conforms to all applicable construction and engineering standards.

NAME: Dolly Lane DATE: 2/11/97

TITLE: Economic Development Specialist

SIGNATURE: \_\_\_\_\_

NAME OF CONTACT PERSON Dolly Lane

TELEPHONE NUMBER (520)-283-3012

# **ATTACHMENT A** **BUDGET DETAIL SCHEDULE**

**Note: No contingency costs should be included in the Grand Total of project costs.**

ACTIVITY	LABOR OR UNIT PRICE	MATERIALS OR NUMBER OF UNITS	TOTAL CONSTRUCTION COSTS	ARCHITECTURAL/ENGINEERING COSTS	TOTAL ACTIVITY COSTS	PROJECTED ANNUAL OPERATIONS & MAINTENANCE COSTS
Asphaltic Concrete	\$72.00/Ton	700/ton	\$50,400.00	-0-	\$50,400.00	-0-
Aggregate Base	34.00/Ton	900/ton	30,600.00	-0-	30,600.00	-0-
Asphalt Saw Cutting	1.50/LF	1,800 LF	2,700.00	-0-	2,700.00	-0-
CY Borrow Material	9.00 CY	1,800 CY	16,200.00	-0-	16,200.00	-0-
Excavation	9,000.00	-0-	9,000.00	-0-	9,000.00	-0-
Chip Seal	14,000/LS	-0-	14,000.00	-0-	14,000.00	-0-
Striping	4,200/LS	-0-	4,200.00	-0-	4,200.00	-0-
Remove existing access	6,000/LS	-0-	6,000.00	-0-	6,000.00	-0-
New Cattleguard	30,000/LS	-0-	30,000.00	-0-	30,000.00	-0-
Mobilization	12,000	-0-	12,000.00	-0-	12,000.00	-0-
Tax	7.5%	-0-	13,132.50	-0-	13,132.50	-0-
			-			
Grand Totals			\$188,232.50	-0-	\$188,232.50	-0-

Estimated price sheet attached has been signed  
Signature of Registered Professional

\*Should match Item 23 in the Application and the total of Items II C. & D.(1) & (2) in Sources of Funds (Attachment B)

## ATTACHMENT B

### SOURCES AND USES STATEMENT

#### I. USES.

##### A. Private Sector Related

1.	Acquisition of Existing Building with land	\$ <u>-0-</u>
2.	Site Acquisition (vacant land)	\$ <u>-0-</u>
3.	New building construction	\$ <u>350,000.00</u>
4.	Remodeling	\$ <u>-0-</u>
5.	Machinery and Equipment	\$ <u>115,000.00</u>
6.	Site preparation	\$ <u>50,000.00</u>
7.	Other <u>Inventory</u>	\$ <u>52,000.00</u>
	Sub Total	\$ <u>567,000.00</u>

##### B. Public Sector Related

1.	Total ESP project improvements (Grand Total of Total Activity Costs in Attachment A and Item 23 in the Application)	\$ <u>188,232.50</u>
2.	Local public sector improvements (Infrastructure improvements directly related to the project and located on or contiguous to the project site. Do not include ESP related costs here)	
	<u>Infrastructure Improvement</u>	\$ <u>32,000.00</u>
	<u></u>	\$ <u>-0-</u>
3.	Other <u>None</u>	\$ <u>-0-</u>

C. Total Uses \$ 787,232.50 \*

#### II. SOURCES:

A.	Private sector project investment ((Item 18 b) Total))	\$ <u>599,000.00</u>
B.	Local public sector (direct project related)	\$ <u>-0-</u>
C.	Economic Strength Projects Fund (State funds) (Item 26)	\$ <u>169,409.50</u>
D.	ESP match	
	(2) From the public sector ((Items 27 a)(1)(2) &(3))	\$ <u>-0-</u>
	(1) From the private sector ((Item 27 b))	\$ <u>18,823.00</u>
E.	Other <u></u>	\$ <u></u>
F.	Total Sources	\$ <u>787,232.50</u> *

\* Total Uses (I.C.) must equal Total Sources (II.F.)

Show Low  
(520) 537-1133



CONSTRUCTION INC.

P.O. Box 29 • Show Low, AZ 85901  
Fax (520) 537-1144

Page  
(520) 645-9546

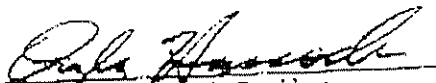
November 4, 1996

West Sun Petroleum  
Flagstaff, Arizona

Attn: Carol  
Via Fax (520) 779-0550

Re: Estimated Prices for Turnout at Hwy 89  
Bitter Springs Trading Post

Approximately 700 Ton Asphaltic Concrete	@ \$72.00/Ton	\$ 50,400.00
Approximately 900 Ton Aggregate Base	@ \$34.00/Ton	\$ 30,600.00
Approximately 1,800 LF Asphalt Saw Cutting	@ \$ 1.50/ LF	\$ 2,700.00
Approximately 1,800 CY Borrow Material	@ \$ 9.00/ CY	\$ 16,200.00
Excavation	@ \$ 9,000/ LS	\$ 9,000.00
Chup Seal	@ \$14,000/ LS	\$ 14,000.00
Striping	@ \$ 4,200/ LS	\$ 4,200.00
Remove existing Access Road & Cattleguard	@ \$ 6,000/ LS	\$ 6,000.00
New Cattleguard (40')	@ \$30,000/ LS	\$ 30,000.00
Mobilization	@ \$12,000/ LS	\$ 12,000.00
Estimated Sub Total:		\$ 175,100.00
Tax @ 7.5%:		\$ 13,132.50
ESTIMATED TOTAL:		<u>\$ 188,232.50</u>

  
Doyle Hancock, President

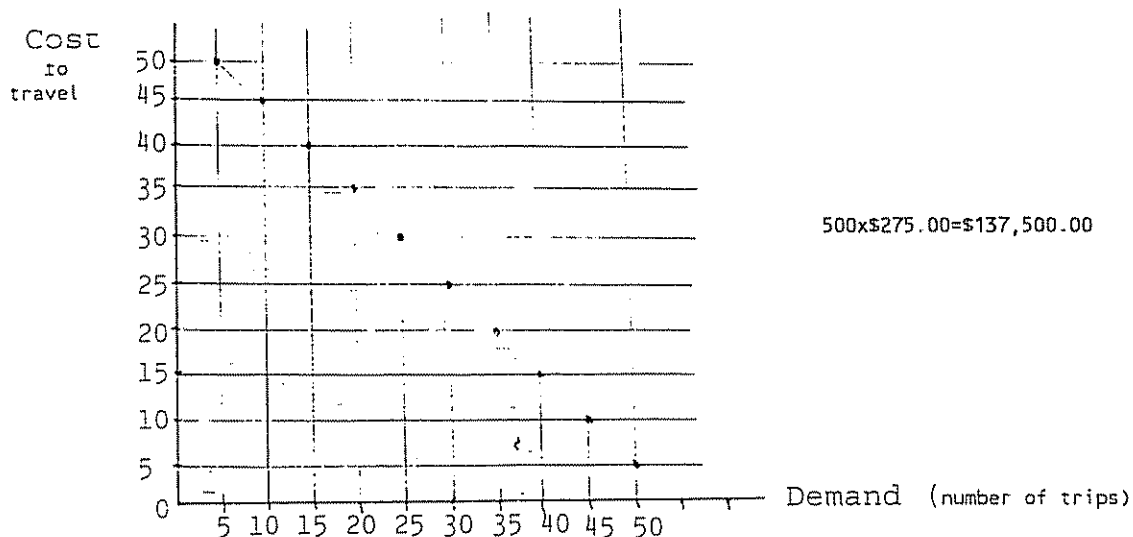
LICENSE NUMBERS: A Gen. Eng. 077890 • B2 Gen. Com. 076992 • B Gen. Bldg. 065885

# APPENDIX "A" Cost Benefit Analysis

How much better off are individuals as a result of the construction (Road Turn Off) for the business at Bittersprings, Arizona?

We first construct a compensated demand curve.

## CALCULATION OF CONSUMER SURPLUS



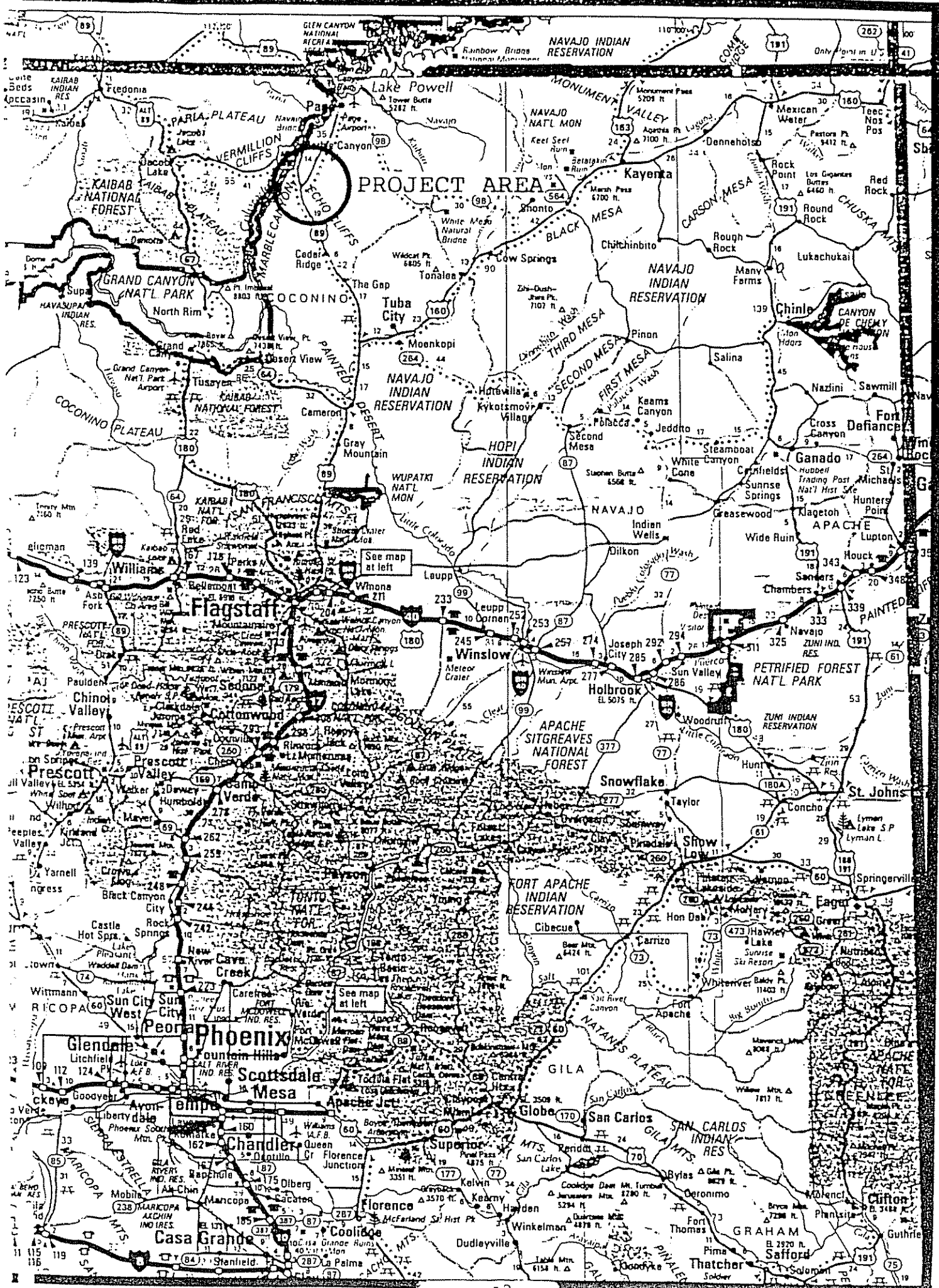
The graph shows the following: At the cost of \$50.00 to travel to Bitter Springs store to get goods and services, an individual will go to the store only 5 times out of a month. As the cost to travel to the store decreases, the number of trips made to the store will increase as the graph indicates.

The area under the demand curve is the consumer surplus (measurement of the benefit to an individual from the road turn off) which is \$275.00. An individual will be willing to spend \$275.00 a month to go to the store to shop as many times as he/she wants to.

There is an estimate of 500 people within Bitter Springs community. Total consumer surplus is estimated at \$137,500.00. The cost of the project is estimated at \$620,000.00. Just from this specific calculation, the benefit out weighs the cost.

U.S. Highway 89 is identified as one of the worst highways in the state of Arizona for vehicle accidents. Arizona Department of Transportation (ADOT) started a study in late October 1996 to study accidents, roadway features, traffic volumes and capacity rating between Gray Mountain and Bitter Springs, Arizona.

If we do a Cost Benefit Analysis on lives saved and jobs created for the community, the benefits will truly out weigh the cost. Two percent (2%) or \$6,000.00 per year will be paid by the business in state tax at a projected \$300,000.00 revenue per year. Employee will pay federal income tax. American Indian workers do not pay state or local tax, therefore, they will not pay any state or local tax, just the regular federal income tax. The business site lease is on federal trust land so there is no real and property tax.



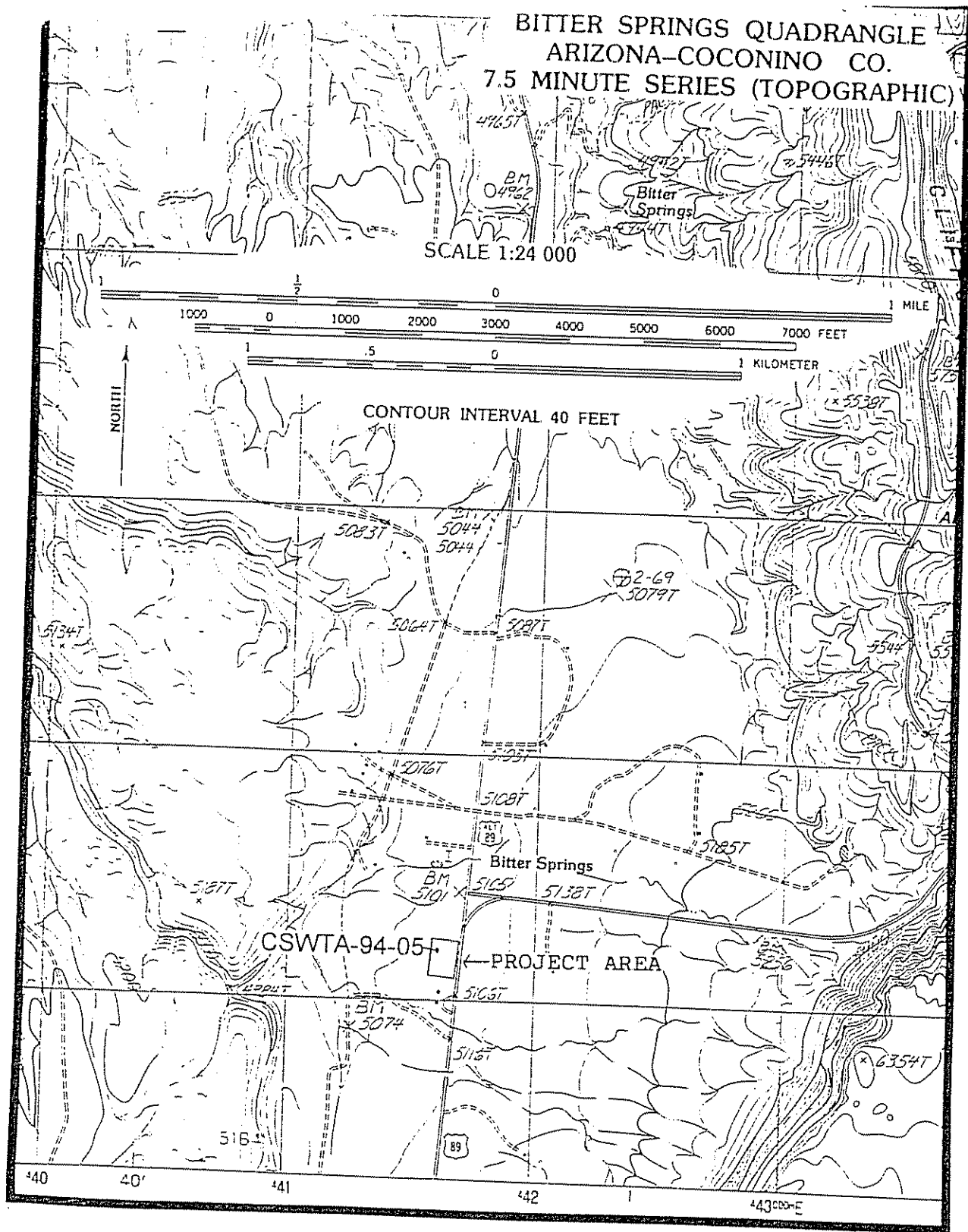
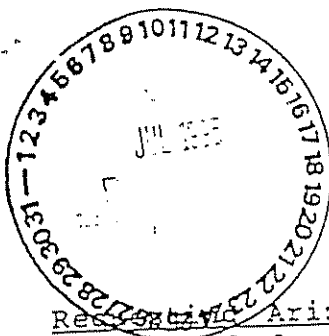


Figure 2. Project area plotted on USGS Bitter Springs Quadrangle, 7.5 minute series, Coconino County, Arizona





RESOLUTION OF THE GAP/BODAWAY  
CHAPTER OF THE NAVAJO NATION

BA-06-031-96

Resolution of the Arizona Department of Transportation to construct a 400 feet left turn lanes with six (6) foot wide expansion on US Highway 89 for a left turn into the Navajo Housing Authority housing complex and into the proposed Westsun Convenient Store/Gas Station business site in Bittersprings, (Navajo Nation), Arizona.

WHEREAS:

1. The Navajo Nation Gap/Bodaway Chapter is a recognized chapter of the Navajo Nation Government and is authorized to plan, implement, and administer community, social, health and other development projects to benefit its citizen, including the recommendation and support of such projects; and
2. The Gap/Bodaway Chapter recognizes the need to improve and expand the existing U.S. Highway 89 at the Navajo Housing Authority Housing Complex and at the proposed Westsun Convenient Store/Gas Station business site of Bittersprings, Arizona; and
3. According to Traffic on the Arizona State Highway System, 1991, an estimate of 973,600 vehicle travel through Bittersprings on US 89 in 1991; and
4. Currently, the traffic safety hazard exist at the turn off into the Bittersprings Navajo Housing Authority housing complex; and
5. The Gap/Bodaway Chapter supports the development of a convenient store, gas station, and a storage area at the proposed business site lease of Westsun Petroleum Product, Inc. and recognizes the increase traffic safety hazard with the growth of Bittersprings community; and
6. The Gap/Bodaway Chapter wants a smooth flow of traffic that reflects traffic safety regulations of Arizona Department of Transportation(ADOT); and
7. The Gap/Bodaway Chapter requests that Arizona Department of Transportation construct a 400 feet left turn lanes with six foot wide expansion on U.S. Highway 89 at the turn off to Navajo Housing Authority housing complex and at the proposed Westsun Petroleum Products, Inc. business site according to ADOT specification in Bittersprings, Arizona.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Gap/Bodaway Chapter hereby requests and supports Arizona Department of Transportation to construct a 400 feet left turn lanes with six (6) foot wide expansion on US Highway 89 for a left turn into the Navajo Housing Authority housing complex and into the proposed Westsun Convenient Store/Gas Station business site in Bittersprings, (Navajo Nation), Arizona.

2. The expansion and improvement to U.S. Highway 89 in Bittersprings will address and accommodate the safety of the local community and the general public as they travel on the highway daily and provide easy access into the Navajo Housing Authority housing complex and the Westsun Convenient Store and Gas Station.

#### C E R T I F I C A T I O N

We hereby certify that the foregoing resolution was considered by the Gap/Bodaway Chapter House, Gap, Navajo Nation (Arizona), at which a quorum was present and at which the same was approved by a vote of 27 in favor, 0 opposed, and 0 abstained, this 24 day of June, 1994.

Donna Wil  
Chapter President

Harold Tunney  
Harold Tunney, Council  
Delegate

Absent  
Chapter Vice-President

Jack Colorado  
Jack Colorado, Council Delegate

Marlene B. Long/Peterson  
Chapter Secretary

xc: chrono  
dl/tcrbdo



ARIZONA DEPARTMENT OF TRANSPORTATION  
INTERMODAL DIVISION - FLAGSTAFF DISTRICT

P O Box J. Page. AZ 86040



FIFE SYMINGTON  
Governor

LARRY S. BONINE  
Director

Thomas G. Schmitt  
State Engineer

September 25, 1995

Gap/Bodaway Chapter  
Attn: Franklin Wilson  
PO Box 1544  
The Gap, AZ 86020

Subject: Chapter Resolution BA-06-009-96 - Requests for turn lane construction for Bitter Springs Area

Dear Mr. Wilson,

Per your resolution request, the Arizona Department of Transportation has reviewed the locations noted and determined the following.

**Bitter Springs Housing:** The roadway at the entrance to the housing area will be restriped for the addition of a left turn bay for northbound traffic (see attached diagram). This work will be performed by maintenance teams when budget and scheduling allows. This is a legitimate safety concern for local residents and motorists which can be improved with the limited resources available locally.

**Bitter Springs Business Site:** It is the Departments' policy to permit, rather than construct accesses to new businesses, developments, and utility crossings and easements. Proposed plans are submitted to ADOT by the owner or developer requiring access. If all requirements for standards are met a permit for construction can be issued. The owner/developer then hires a contractor to perform work on the accesses, widening, and turn lanes. The contractor's activities are inspected by the department to insure compliance to all requirements.

Several years ago a developer expressed to various Tribal offices and this Department the desire to re-open a convenience store/gas station at site of the old Bitter Springs Trading Post/Gas Station. At this time plans were completed to realign and reconstruct the US 89/89A junction adjacent to this site. The potential developer was informed that if he were to plan and coordinate an access upgrade with the contractor awarded the Department's project he could realize substantial savings in cost due to the availability of the required resources at this project site. For reasons unknown, the developer chose not to pursue the project at this time. For someone to now upgrade the accesses at this site they will have to start at the beginning.

The Department of Transportation is actively involved in the desirable economic growth throughout our state and it is our policy to assist those in the business community whenever possible. Funding however, is generally not made available to construct accesses for businesses. Developers and business people customarily understand that when a new business is established start up costs will include access improvements, roads, parking lots, utilities, etc., not just a building. If the developer truly believes in his investment, the money required to construct the entire facility will be found. The Department is committed to the proper utilization of funding and must spend moneys where they will benefit as many citizens as possible, not just a privileged few.

If I can be of further assistance, please contact our office at (520) 645-9788

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas M. Kliwer", with a long horizontal flourish extending to the right.

Thomas Kliwer  
Highway Maintenance Supervisor

TK/er

c: Dolly Lane, Navajo Business Development  
Mrs. Judy Secody, Navajo Housing Authority

RESOLUTION OF THE  
ECONOMIC DEVELOPMENT COMMITTEE  
OF THE NAVAJO NATION COUNCIL

Approving the Issuance Of a Business Site Lease To  
Wendell Mortensen (C#100,431), dba: Westsun Petroleum  
Products, Inc. (an Arizona Corporation) On Lands  
Located At Bittersprings, Navajo Nation (Arizona)

WHEREAS:

1. Pursuant to 2 N.T.C. §724(b), the Economic Development Committee of the Navajo Nation Council has been delegated the authority to approve any non-mineral business lease, subleases or assignments of leases, encumbrances, amendments or modifications of any leases; and

2. The Applicant, Wendell Mortensen (C#100,431), dba: Westsun Petroleum Products, Inc. (an Arizona Corporation) has requested the Navajo Nation to issue a Business Site Lease on a 4.0 acre tract of land located approximately 20 yards south of the old Bittersprings Trading Post tract on lands located at Bittersprings, Navajo Nation, under the terms and conditions specified in Exhibit "A", incorporated herein and made a part hereof by reference; and

3. Wendell Mortensen, dba: Westsun Petroleum Products, Inc. (an Arizona Corporation) proposes to provide goods and services to the community of Bittersprings and surrounding areas by establishing a convenience store operation; inclusive of the sales of gas, oil, fast food, feed store, post office and a boat storage area; and

4. Westsun Petroleum Products, Inc. (an Arizona Corporation), has committed to hire and employ local Navajos in the operation of said business and train them to be manager and further commits to make permanent improvements of at least \$200,000.00 to the proposed business site for the convenience, comfort and safety of the local consumers; and

5. The Tuba City Regional Business Development Office, having considered the need for goods and services in the Bittersprings area and having reviewed the request made by Westsun Petroleum Products, Inc. (an Arizona Corporation) for the issuance of a business site lease, recommends its approval by the Economic Development Committee of the Navajo Nation Council.

NOW THEREFORE BE IT RESOLVED THAT:

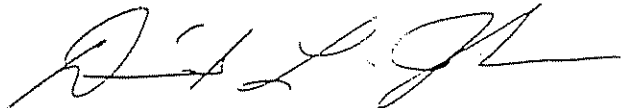
1. The Economic Development Committee of the Navajo Nation Council hereby approves the issuance of a Business Site Lease to Wendell Mortensen (C#100,431), dba: Westsun Petroleum Products, Inc. (an Arizona Corporation) located at Bittersprings,

Navajo Nation (Arizona), upon the terms and conditions specified in Exhibit "A", attached hereto and incorporated herein.

2. The Economic Development Committee of the Navajo Nation Council further authorizes the President of the Navajo Nation, subject to the procedures and regulations adopted by the Navajo Nation Council, to execute said Lease, and to do any and all things necessary, advisable or incidental to carry out the purpose of the resolution consistent with Navajo Nation and Federal laws.

#### CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Economic Development Committee of the Navajo Nation Council at a duly called meeting at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 4 in favor, 0 opposed and 0 abstained, this 25th day of April 1995.

A handwritten signature in black ink, appearing to read "D. L. John", written in a cursive style.

David L. John, Vice Chairperson  
Economic Development Committee

Motion: Tom Y. Bahe  
Second: Walter Atene

## RESOLUTION OF THE BODAWAY/GAP CHAPTER

Recommending Approval of Issuance of Business Site Lease for  
Westsun Petroleum Products, Inc. (An Arizona Corporation)  
located in Bittersprings, Navajo Nation, Arizona.

## WHEREAS:

1. The Bodaway Chapter is a certified Tribal Government entity of the Navajo Nation and is duly authorized and established to consider all matters pertaining to community planning and development within the Bodaway Chapter boundaries; and

2. The Bodaway Chapter has received a request from Wendell Mortensen, (C#100,431), President of Westsun Petroleum Products, Inc., (An Arizona Corporation) for the issuance of a business site lease on a four (4) acres tract of land located at Bittersprings, Navajo Nation, Arizona; and

3. Westsun Petroleum Products, Inc., proposes to provide goods and services to the community of Bittersprings and surrounding areas by establishing a convenience store operation, inclusive of sale of gas and oil, propane, fast food, community post office, feed store, and storage area; and

4. Westsun Petroleum Products, Inc., has committed to employ at least four (4) local Navajos in the business operation and further commits to make permanent improvements of \$191,000 to proposed business site for the convenience, comfort, and safety of local consumers; and

5. The Bodaway Chapter having considered the need for goods and services in the Bittersprings area and having reviewed the request made by Westsun Petroleum Products, Inc., recommends approval of the issuance of a business site lease.

## NOW THEREFORE BE IT RESOLVED THAT:

1. The Bodaway Chapter hereby approves and recommends the issuance of a business site lease for Westsun Petroleum Products, Inc., located at Bittersprings, Navajo Nation, Arizona.

2. Furthermore, the Bodaway Chapter hereby recommends that the Regional Business Development Office, Division of Economic Development, take any and all actions necessary and advisable to negotiate a business site lease for Westsun Petroleum Products, Inc.

Stanley Robbins  
Council Delegate

Franklin Wilson  
President

Sonny Nockideneh  
Vice-President

Sherry John  
Secretary/Trea

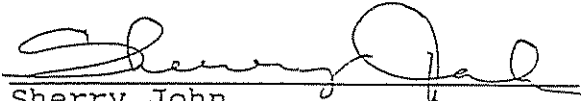
Vincent Chewing  
Grazing Member

C E R T I F I C A T I O N

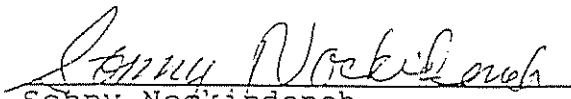
We hereby certify that the foregoing resolution was duly considered by the authorizing agents of the Bodaway Chapter on this 19th day of March, 1994 at the Bodaway Chapter in the Gap, Coconino County, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 72 in favor, and 1 opposed and 0 abstained.



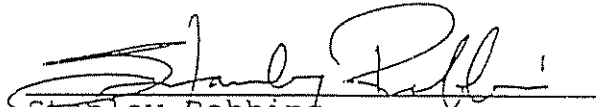
Franklin Wilson  
Chapter President



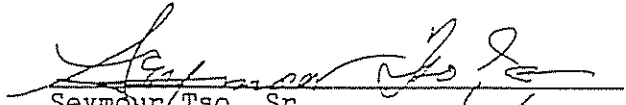
Sherry John  
Secretary



Sonny Nopkindeneh  
Chapter Vice President



Stanley Robbins  
Council Delegate



Seymour Tso, Sr.  
Council Delegate





STATE OF ARIZONA

OFFICE OF THE ATTORNEY GENERAL

1275 WEST WASHINGTON, PHOENIX 85007-2926

GRANT WOODS  
ATTORNEY GENERAL

TRN Main: (602) 542-1680

Direct: (602) 542-8837

Fax: (602) 542-3646

MAIN PHONE : 542-5025

TELECOPIER : 542-4085

**INTERGOVERNMENTAL AGREEMENT**  
**DETERMINATION**

A.G. Contract No. KR97-1127TRN, an agreement between public agencies, has been reviewed pursuant to A.R.S. § 11-952, as amended, by the undersigned Assistant Attorney General who has determined that it is in the proper form and is within the powers and authority granted to the State of Arizona.

No opinion is expressed as to the authority of the remaining parties, other than the State or its agencies, to enter into said agreement.

DATED August 29, 1997.

GRANT WOODS  
Attorney General

A handwritten signature in black ink, appearing to read "James R. Redpath", is written over a horizontal line.

JAMES R. REDPATH  
Assistant Attorney General  
Transportation Section

JRR:ct/7440